# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Under provisions of state law, this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/7/05

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## STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, LA 70804-9095

Legislative Auditor P. O. Box 94397 Baton Rouge, LA 70804-9397

### **AFFIDAVIT**

Personally came and appeared before the undersigned authority, John Clifton Conine, Assistant Secretary of the Natchitoches Levee and Drainage District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of Natchitoches Levee and Drainage District at June 30, 2005 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Aysiylant Secretary /

To Merlin Squyre, 10#0)3769

Sworn to and subscribed before me, this  $\underline{\phantom{a}25^{th}}$  day of  $\underline{\phantom{a}}$  August , 2005.

### HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
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NATCHITOCHES, LA 71457

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Board of Commissioners Natchitoches Levee and Drainage District Natchitoches, Louisiana

FRANK S. HINES, CPA

LEWIS C. HINES, CPA

E. MERLIN SQUYRES, CPA JAY H. SHEFFIELD, CPA

We have reviewed the accompanying financial Statements of the Natchitoches Levee and Drainage District, Natchitoches, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 2005, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Natchitoches Levee and Drainage District.

A review consists principally of inquiries of the Natchitoches Levee and Drainage District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 7 and 20, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The financial information for the year ended June 30, 2004, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated August 17, 2004, on the basic financial statements of the Natchitoches Levee and Drainage District.

Hines, Jackson & Hines Natchitoches, Louisiana August 25, 2005

The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's financial performance presents a narrative overview and analysis of Natchitoches Levee and Drainage District's financial activities for the year ended June 30, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Natchitoches Levee and Drainage District's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- 1) The Natchitoches Levee and Drainage District had cash and investments of \$703,016 at June 30, 2005 which represents an increase of \$85,490 from prior year end.
- 2) The Natchitoches Levee and Drainage District had accounts receivable of \$2,116 at June 30, 2005 which represents a decrease of \$16,584 from prior year end.
- 3) The Natchitoches Levee and Drainage District had accounts payable and accruals of \$7,072 at June 30, 2005 which represents a decrease of \$402 from prior year end.
- 4) The Natchitoches Levee and Drainage District had total revenues of \$414,308 for the year ended June 30, 2005 which represents an increase of \$27,434 from prior year.
- 5) The Natchitoches Levee and Drainage District had property taxes of \$360,198 for the year ended June 30, 2005 which represents an increase of \$35,382 from prior year.
- 6) The Natchitoches Levee and Drainage District had interest income of \$14,088 for the year ended June 30, 2005 which represents an increase of \$9,270 from prior year.
- 7) The Natchitoches Levee and Drainage District had personal services expenses of \$174,637 for the year ended June 30, 2005 which represents an increase of \$15,739 from prior year.
- 8) The Natchitoches Levee and Drainage District had operating services expenses of \$76,279 for the year ended June 30, 2005 which represents a decrease of \$22,789 from prior year.
- 9) The Natchitoches Levee and Drainage District had capital asset purchases of \$168,807 for the year ended June 30, 2005 which represents an increase of \$168,807 from prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for the Natchitoches Levee and Drainage District as established by Governmental Accounting Standards Board Statement 34, <u>Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments</u>.

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information (Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

This annual report consist of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, Statement of Activities and Statement of Cash Flows (on pages 8, 9, 10 and 11) provide information about the activities of the Natchitoches Levee and Drainage District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Statement of Activities report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the Fund's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

### FINANCIAL ANALYSIS OF THE ENTITY

### Statement of Net Assets As of Year End

		2005	_	2004
Current and other assets	\$	705,197	\$	640,611
Capital assets, net		215,237		92,057
Total Assets	<u>\$</u>	920,434	<u>\$</u>	732,668
Other liabilities	\$	7,072	\$	6,670
Compensated absences payable		14,796		14,229
Capital lease obligations		127,238		0
Total Liabilities		149,106		20,899
Net assets				
Investment in capital assets, net of related debt		87,999		92,057
Unrestricted		683,329		619,712
Total Net Assets		771,328		711,769
Total Liabilities and Net Assets	\$	920,434	<u>\$</u>	732,668

Net assets of the Natchitoches Levee and Drainage District's increased by \$59,559 or 8.37% from the previous fiscal year. The increase is the result of operating and non-operating revenues exceeding expenses during the fiscal year ended 2005 (See table below).

### Statement of Activities For the Year Ended

	 2005	_	2004
General government Expenses Program revenues	\$ (354,749)	\$	(336,309)
Operating grants and contributions	 0		0
Subtotal	(354,749)		(336,309)
General revenues	 414,308		3 <u>86,874</u>
Change in net assets	\$ 59,559	<u>\$</u>	50,565

The Natchitoches Levee and Drainage District's total revenues increased by \$27,434 or 7.09% from the previous year. The total cost of all programs and services increased by \$18,440 or 5.48% from the previous year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2005, the Natchitoches Levee and Drainage District had \$215,237, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$123,180 or 133.81% from the previous year.

### Capital Assets at Year End (Net of Depreciation)

		2005		2004
Land	\$	1,200	\$	1,200
Buildings and building improvements		11,061		0
Automobiles and equipment	<del></del>	202,976		90,857
Total	<u>\$</u>	215,237	<u>\$</u>	92,057

This year's major additions included:

Buildings and building improvements	\$ 12,290
Automobiles and equipment	\$ 156,517

This years's major retirements included:

None.

### <u>Debt</u>

The Natchitoches Levee and Drainage District had \$142,034 in debt outstanding at year end compared to \$14,229 at the previous year end, an increase of \$127,805 or 898.20% as shown in the table below.

### Outstanding Debt at Year End

	2005	2004	
Compensated absences payable Capital lease obligations	\$ 14,7 127,2	96 \$ 14,2 38	29 0
Totals	<u>\$ 142,0</u>	34 \$ 14,2	<u>29</u>

New debt during the year included:

Capital lease obligations \$ 156,517

### VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$146,328 more than budgeted amounts due to taxes and state revenue sharing being more than expected.

Actual expenditures were \$14,469 more than budgeted amounts due to personal services being more than expected.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Natchitoches Levee and Drainage District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Ad valorem taxes
- 2) Interest income
- 3) Projects under consideration
- 4) Intergovernmental revenues (state and local grants)

The Natchitoches Levee and Drainage District does not expect any significant changes in next year's results as compared to the current year.

### CONTACTING THE NATCHITOCHES LEVEE AND DRAINAGE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Natchitoches Levee and Drainage District's finances and to show the Natchitoches Levee and Drainage District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Clifton Conine, Assistant Secretary, Post Office Box 1209, Natchitoches, Louisiana 71458.

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT STATEMENT OF NET ASSETS JUNE 30, 2005 AND 2004

	2005	2004
ASSETS		_
Current Assets		
Cash	\$ 459,139	,
Investments	243,877	240,538
Accounts receivable	2,116	18,700
Prepaid expenses	0	4,320
Total Current Assets	705,132	640,546
Noncurrent Assets		
Capital assets, net	215,237	92,057
Utility deposits	65	<u>65</u>
Total Assets	<u>\$ 920,434</u>	<u>\$ 732,668</u>
LIABILITIES AND NET ASSETS LIABILITIES		
Current Liabilities		
Current portion of capital lease obligations	\$ 29,930	•
Accounts payable and accruals	<u>7,072</u>	<u>6,670</u>
Total Current Liabilities	37,002	6,670
Noncurrent Liabilities		
Compensated absences payable	14,796	14,229
Capital lease obligations, net of current portion	97,308	0
Total Liabilities	149,106	20,899
NET ASSETS		
Investment in capital assets, net of related debt	87,999	92,057
Unrestricted	683,329	619,712
Total Net Assets	771,328	711,769
Total Liabilities and Net Assets	<u>\$ 920,434</u>	<u>\$ 732,668</u>

### EXHIBIT B

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
OPERATING REVENUES		
Operating grants and contributions	<u>\$</u> 0	<u>\$</u> 0
Total Operating Revenues	0	0
OPERATING EXPENDITURES		
Personal services	174,637	158,898
Travel	3,493	3,297
Operating services	76,279	99,068
Supplies	17,937	16,720
Professional services	31,580	29,580
Interest	5,196	0
Depreciation	45,627	28,746
Total Operating Expenditures	354,749	336,309
Operating Income/(Loss)	(354,749)	(336,309)
NONOPERATING REVENUES/(EXPENSES)		
Taxes	360,198	324,816
State revenue sharing	39,597	38,995
Interest income	14,088	4,818
Miscellaneous	425	18,245
Total Nonoperating Revenues/(Expenses)	414,308	386,874
Change in Net Assets	59,559	50,565
Total Net Assets, Beginning of year	711,769	661,204
Total Net Assets, End of year	\$ 771,328	\$ 711,769

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT STATEMENT OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

			2005			2004
		Charges for	Operating Grants and	Capital Grants and	Revenue and Changes in	Revenue and Changes in
	Expenses	Services	Contributions	Contributions	Net Assets	Net Assets
Natchitoches Levee and Drainage District	\$ 354,749	\$	0 \$	0	\$ (354,749) \$	\$ (336,309)
General Revenues:					;	
Taxes					360,198	324,816
State revenue sharing					39,597	38,995
Interest income					14,088	4,818
Miscellaneous					425	18,245
Total General Revenues					414,308	386,874
Change in Net Assets					59,559	50,565
Net Assets, Beginning of year					711,769	661,204
Net Assets, End of year					\$ 771,328	\$ 711,769

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

		2005		2004
Cash Flows From Operating Activities				
Cash payments to suppliers for goods and services	\$	(130,202)	\$	(140,759)
Cash payments to employees and board members for services		(173,631)		(158,513)
Other operating revenues/(expenses)		0		0
Net Cash From Operating Activities		(303,833)		(299,272)
Cash Flows From Non-Capital Financing Activities				
Cash receipts of taxes		360,198		324,816
State revenue sharing		39,597		38,995
Miscellaneous revenues		18,166		245
Net Cash From Non-Capital Financing Activities		417,961		364,056
Cash Flows From Capital and Related Financing Activities				
Principal payments on capital lease obligations		(29,279)		0
Acquisition/construction of capital assets		(12,290)		0
Interest paid		(5,196)		0
Net Cash From Capital and Related Financing Activities		(46,765)		0
Cash Flows From Investing Activities				
Interest income		14,788		4,373
Cash Flows From Investing Activities		14,788		4,373
Net Increase in Cash and Cash Equivalents		82,151		69,157
Cash and Cash Equivalents, Beginning of year		376,988		307,831
Cash and Cash Equivalents, End of year	<u>\$</u>	459,139	<u>\$</u>	376,988
		2005		2004
Reconciliation of Operating Loss to Net Cash From Operating Activities				
Operating income/(loss)	\$	(354,749)	\$	(336,309)
Adjustments to reconcile operating loss to net cash from operating activities				
Depreciation expense		45,627		28,746
(Increase)/decrease in operating assets				
Accounts receivable		0		0
Prepaid expenses		4,320		5,633
Increase/(decrease) in operating liabilities				
Accounts payable and accruals		402		2,112
Compensated absences payable	-	567		546
Net Cash Flows From Operating Activities	<u>\$</u>	(303,833)	<u>\$</u>	(299,272)
Schedule of Noncash Investing, Capital, and Financing Activities:				
Borrowing under capital leases		\$	156	.517
Total Noncash Investing, Capital, and Financing Activities		\$		<u>,517</u>
Total Individual Investig, Capital, and I mattering from the		<u>*</u>	,150	1

The Natchitoches Levee and Drainage District was created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 38:291(H). The Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The eight members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Natchitoches Levee and Drainage District present information only as to the transactions of the programs of the Natchitoches Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Natchitoches Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration-Office of Statewide Reporting and Accounting Policy as Follows:

### Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

### Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

### B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Budgetary Accounting (Continued)

State appropriations made for the operations of the various programs of the Natchitoches Levee and Drainage District are annual lapsing appropriations.

- 1. The budgetary process is an annual appropriation valid for one year.
- 2. The agency is prohibited by statue from over expending the categories established in the budget.
- 3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
- 4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original Approved Budget	\$ 0
Amendments	 0
Final Approved Budget	\$ 0

### C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

### D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

### E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2005, \$0 were considered to be uncollectible.

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

### G. Compensated Absences

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

### H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

### A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2005 were secured as follows:

### NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

### A. Deposits with Financial Institutions (Continued)

Deposits in bank accounts per balance sheet	<u>\$</u>	Cash 459,139	<u>\$</u>	Certificates of Deposit 243,177	<u>\$</u>	Total 702,316
		Cash		Certificates of Deposit	_	Total
Bank Balances (Category 3 Only, If Any)						
a. Uninsured and uncollateralized	\$	0	\$	0	\$	0
b. Uninsured and uncollateralized with securities held by						
the pledging institution		0		0		0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent						
but not in the entity's name		0	_	0		0
Total Category 3 Bank Balances	<u>\$</u>	0	<u>\$</u>	0	<u>\$</u>	0
Total Bank Balances (All Categories Including Category						
3 Reported Above)	<u>\$</u>	471,766	<u>\$</u>	243,177	\$	714,943

The following is a breakdown by banking institution and amount of the balances shown above:

Banking Institution	Amount
Peoples State Bank	\$ 714,943
Total	\$ 714,943

### B. Investments

The Natchitoches Levee and Drainage District maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Natchitoches Levee and Drainage District as of June 30, 2005 are summarized below by the category of risk.

- Category 1 Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name.
- Category 2 Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

### NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

### B. Investments (Continued)

	Amount Rep	oorted in Risk		
	Category	3, If Any		
		Held By	Total Reported	Total Fair
		Counterparty's	Amount - All	Value - All
		Trust Dept. Or	Categories	Categories
	Held By	Agent Not In	(Including	(Including
Type of Investments	<u>Counterparty</u>	Entity's Name	Category 3)	Category 3)
Valley Farmers Preferred Stock	\$ 0	\$0	<u>\$ 700</u>	<u>\$ 700</u>
Total	<u>\$</u> 0	<u>\$</u> 0	\$ 700	<u>\$ 700</u>

### NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2005:

Class of Receivable	
Interest	\$ 0
Other	 2,116
Total	\$ 2,116

### NOTE 4 CAPITAL ASSETS

A summary of the Natchitoches Levee and Drainage District's capital assets at June 30, 2005 follows:

	Balance _July 1, 2004	Additions	Retirements	Balance June 30, 2005
Capital Assets, not being depreciated				
Land	<u>\$1,200</u>	<u>\$</u> 0	<u>\$</u> 0	<u>\$1,200</u>
Total Capital Assets, not being depreciated	1,200	0	0	1,200
Capital Assets, being depreciated				
Buildings and building improvements	0	12,290	0	12,290
Less accumulated depreciation	0	(1,229)	0	(1,229)
Total Buildings and building improvements	0	11,061	0	11,061
Automobiles and equipment	278,197	156,517	0	434,714
Less accumulated depreciation:	(187,340)	(44,398)	0	(231,738)
Total Automobiles and equipment	90,857	112,119	0	202,976
Total Capital Assets, being depreciated	90,857	123,180	0	214,037
Total Capital Assets, net	<u>\$ 92,057</u>	\$ 123,180	<u>\$</u> 0	<u>\$215,237</u>

### NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2005:

Class of Payable	
Vendor	\$ 5,099
Salaries and benefits	 1,973
Total	\$ 7.072

### NOTE 6 COMPENSATED ABSENCES

At June 30, 2005, employees of the Natchitoches Levee and Drainage District had accumulated \$14,796 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2005.

Compensated absences payable, beginning of year	\$ 14,229
Additions Deletions	 6,197 (5,630)
Compensated absences payable, end of year	\$ 14,796

### NOTE 7 RETIREMENT SYSTEM

Substantially all employees of the Natchitoches Levee and Drainage District are members of the Louisiana State Employees' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefits of state employees, which is administered and controlled by a separate board of trustees. All full time employees of the District are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at a) any age with 30 years of service, b) age 55 with 25 years of service, or c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608.

Members are required by state statute to contribute 7.5 percent of their annual covered salary and the Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate. The current employer rate is 17.8 percent of annual covered payroll. The contribution requirements of plan members and the office are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System for the year ending June 30, 2005, 2004 and 2003 were \$17,656, \$13,787 and \$8,792, respectively, equal to the required contribution for each year.

### NOTE 8 POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Natchitoches Levee and Drainage District currently provides certain continuing healthcare and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid. The cost of providing these benefits to retirees for the year ended June 30, 2005 totaled \$8,484 for 1 retirees.

### NOTE 9 LEASE OBLIGATIONS

On July 14, 2004, the Natchitoches Levee and Drainage District entered into a lease agreement for the acquisition of a dozer. The agreement provides for monthly payments of \$2,872.92. At the maturity of the lease term, the District may purchase the dozer for one (1) dollar. The cost of the dozer, \$156,517, is included as an asset and obligation in the financial statements.

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of June 30, 2005:

Year Ending	
June 30	 Dozer
2006	\$ 34,475
2007	34,475
2008	34,475
2009	 34,475
Total minimum lease payments	137,900
Less amount representing interest	 (10,662)
Present value of minimum lease payments	\$ 127,238

The Natchitoches Levee and Drainage District was not obligated under any noncancellable operating lease commitments at June 30, 2005.

### NOTE 10 RISK MANAGEMENT

The Natchitoches Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

### NOTE 11 LITIGATION

There was no outstanding litigation against the Natchitoches Levee and Drainage District at June 30, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2005

DEVENUE	Ori	iginal/Final Budget		Actual		Variance v./(Unfav.)
REVENUES Taxes	\$	260.657	\$	260 100	ø	00.541
	<b>&gt;</b>	260,657	2	360,198	\$	99,541
State revenue sharing Interest income		7,323 0		39,597 14,088		32,274
Miscellaneous				425		14,088
		267.080	_			425
Total Revenues		267,980		414,308		146,328
EXPENDITURES						
General government						
Personal services		142,383		174,070		(31,687)
Travel		4,066		3,493		573
Operating services		92,431		76,279		16,152
Supplies		11,800		17,937		(6,137)
Professional services		30,500		31,580		(1,080)
Capital outlay		20,000		12,290		7,710
Total Expenditures		301,180		315,649		(14,469)
Excess/(Deficiency) Of Revenues Over Expenditures		(33,200)		98,659		131,859
Other Financing Sources/(Uses)						
Proceeds from issuing capital lease obligations		156,517		156,517		0
Capital lease payments		(34,475)		(34,475)		0
Total Other Financing Sources/(Uses)		122,042		122,042		0
Net Change in Fund Balance		88,842		220,701		131,859
Fund Balance, Beginning of year		633,941		633,941		0
Fund Balance, End of year	<u>\$</u>	722,783	<u>\$</u>	854,642	\$	131,859

OTHER SUPPLEMENTARY INFORMATION

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS FOR THE YEAR ENDED JUNE 30, 2005

Commissioners	-
Adolph Sklar, Jr.	\$ 900
Alfred Bruning	975
Billy Giddens	900
Janet Jones	1,050
John Clifton Conine	975
Joseph Ned Henry, Jr.	975
Karlton Methvin	975
Milton McDonald	975
Doris Roge	600
Total	\$ 8,3 <u>25</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT SCHEDULE OF STATE FUNDING JUNE 30, 2005

### **DESCRIPTION OF FUNDING**

State Revenue Sharing \$ 39,597

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT SCHEDULE OF LONG-TERM DEBT JUNE 30, 2005

None.

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT SCHEDULE OF LONG-TERM DEBT AMORTIZATION JUNE 30, 2005

### **CAPITAL LEASES**

### <u>Dozer</u>

Fiscal Year Ending	F	ayment	Interest	Principal	Balance
2006	\$	34,475	\$ 4,545	\$ 29,930	\$ 97,308
2007		34,475	3,325	31,150	66,158
2008		34,475	2,056	32,419	33,739
2009		34,475	 736	 33,739	\$ 0
Total	\$	137,900	\$ 10,662	\$ 127,238	

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT SUMMARY SCHEDULE OF PRIOR FINDINGS FOR THE YEAR ENDED JUNE 30, 2005

Fiscal Year		Corrective	Planned Corrective
Finding		Action Taken	Action/Partial
Initially		(Yes, No,	Corrective
Ref. No. Occurred	Description of Finding	Partially)	Action Taken

Nothing came to our attention that would require disclosure under Government Auditing Standards.

# STATE OF LOUISIANA NATCHITOCHES LEVEE AND DRAINAGE DISTRICT CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2005

	Description		Name(s) of	Anticipated
Ref. No.	of Finding	Correct Action Planned	Contact Person(s)	Completion Date

Nothing came to our attention that would require disclosure under Government Auditing Standards.

### HINES, JACKSON & HINES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS P.O. BOX 2188 - 133 EAST FIFTH STREET NATCHITOCHES, LA 71457

> Telephone (318) 352-6458 FAX (318) 352-0404 office@hjhcpa.biz

A. NEILL JACKSON, JR., CPA 1926-1999

Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Commissioners Natchitoches Levee and Drainage District Natchitoches, Louisiana

We have performed the procedures included in the <u>Louisiana Government Audit Guide</u> and enumerated below, which were agreed to by the management of the Natchitoches Levee and Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Levee and Drainage District's compliance with certain laws and regulations during the year ended June 30, 2005, included in the accompanying <u>Louisiana Attestation Questionnaire</u>. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of <u>Government Auditing Standards</u>. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Public Bid Law**

FRANK S. HINES, CPA

LEWIS C. HINES, CPA

E. MERLIN SQUYRES, CPA

JAY H. SHEFFIELD, CPA

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditure was made during the year for materials and supplies exceeding \$20,000. No expenditures were made for public works exceeding \$100,000.

### Code of Ethics for Public Officials and Public Employees

Obtain from management a list of the immediate family members of each board member as defined by LSA-RS
42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees,
as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

### Page #2

### Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and all amendments. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 percent or more or if actual expenditures exceed budgeted amounts by 5 percent or more.

We compared the revenues and expenditures of the budget to actual revenues and expenditures. Actual revenues exceed budgeted revenues. Actual expenditures were within 5 percent of budgeted expenditures.

### Accounting and Reporting

- 8. Randomly select 6 disbursements made during the period under examination and:
  - a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and
  - All six payments were properly coded to the correct fund and general ledger account.
- c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval was obtain from the proper authorities for payment.

### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meeting law).

Notices with the date and location of upcoming meetings are required to be posted on the door of the District's meeting room. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion.

### Page #3

### Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year under examination indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Natchitoches Levee and Drainage District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines Natchitoches, Louisiana August 25, 2005

### BOARD OF COMMISSIONERS NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

448 JEFFERSON STREET
P.O. BOX 1209
NATCHITOCHES, LOUISIANA 71458-1209
TELEPHONE (318) 357-1853
FAX (318) 352-3608
E-MAIL nidd@cp-tel.net

KARLTON METHVIN, President
MILTON McDONALD, Vice President
and Secretary/Treasurer
JOHN CLIFTON CONINE, Assistant Secretary
and Attorney

August 25, 2005

ALFRED BRUNING, Member BILLY GIDDENS, Member JOSEPH NED HENRY, JR., Member JANET JONES, Member ADOLPH SKLAR, JR. Member

Hines, Jackson & Hines P. O. Box 2188 Natchitoches, Louisiana 71457

In connection with your review of our financial statements as of June 30, 2005, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 25, 2005.

### **Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [X] No []

### Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

### Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

### **Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [X] No []

Hines, Jackson & Hines Page 2

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No []

### Meetings

We have complied with the provisions of the Open meetings Law, provided in RS 42:1 through 42:12.

Yes [X] No [ ]

### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [X] No []

### **Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79:729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Assistant Secretary 1/25/65 Date

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